

Message Text

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PAGE 01 ISLAMA 02376 01 OF 02 191518Z

47

ACTION OPIC-06

INFO OCT-01 NEA-09 ISO-00 EB-07 TRSE-00 OMB-01 AID-05

ABF-01 FSE-00 L-02 AGR-10 COME-00 IGA-01 CIEP-02 PA-02

PRS-01 USIA-15 FRB-01 XMB-04 CIAE-00 INR-07 NSAE-00

/075 W

----- 122984

P R 191140Z MAR 75

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC PRIORITY 9245

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

UNCLAS SECTION 1 OF 2 ISLAMABAD 2376

E.O. 11652: N/A

TAGS: EFIN, EINV, PK

SUBJ: RAFHAN MAIZE PRODUCTS CO., LTD. - OPIC

AUTHORIZATION OF LOCAL CURRENCY LOAN

REF: STATE 054541

1. SUMMARY. IPS HAS APPROVED PROPOSED OPIC LOAN TO RAFHAN MAIZE SUBJECT TO CONDITION THAT FORMAL APPLICATION BE CLEARED REGARDING DETAILED TERMS WITH MINISTRY OF FINANCE AND STATE BANK OF PAKISTAN. IPS OFFICIAL INDICATED TO KARACHI CONGENOFF THAT SUCH CLEARANCE MERE FORMALITY. MIN OF FIN OFFICIAL TOLD EMBOFF THAT HE WOULD EXPEDITE FIN MIN CLEARANCE ONCE FORMAL APPLICATION RECEIVED AND INDICATED THERE WOULD BE NO PARTICULAR PROBLEM. LOCAL CURRENCY ANNEX TO PL 480 AGREEMENTS WHICH GENERATED LOCAL CURRENCY PROVIDE THAT AID (PRESUMABLY OPIC WILL REPLACE) WILL NOTIFY STATE BANK OF PAKISTAN OF APPLICANT NATURE, AMOUNT AND GENERAL PURPOSE OF PROPOSED LOAN, WE ASSUME NOTIFICATION STILL NECESSARY AND PROPOSE OPIC SEND LETTER FORMALLY NOTIFYING STATE BANK. ALTERNATIVELY, ECON/COUNS CAN DO SO ON BEHALF OF OPIC IF SO INSTRUCTED.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ISLAMA 02376 01 OF 02 191518Z

END SUMMARY.

2. IPS OFFICIAL TOLD KARACHI CONGENOFF THAT IT HAS GIVEN LETTER OF APPROVAL TO RAFHAN MAIZE FOR PROPOSED LOAN SUBJECT TO CONDITION THAT FORMAL APPLICATION SHOULD BE CLEARED REGARDING THE DETAILED TERMS WITH MIN OF FIN AND THE STATE BANK OF PAKISTAN. HE INDICATED THAT SUCH APPROVAL WOULD BE MERELY A FORMALITY.

3. MARCH 18 SIRAJ YUSUF KHAN, JOINT SECRETARY, MIN OF FIN, TOLD EMBOFFS THAT FINMIN WILL EXPEDITE CLEARANCE ONCE FORMAL APPLICATION APPROVED. HE INDICATED THAT FINMIN CLEARANCE WOULD ALSO BE FORMALITY.

4. WE HAVE REVIEWED PL 480 AGREEMENTS WHICH GENERATED LOCAL CURRENCY AND FIND THAT THE PL 480 AGREEMENT OF AUGUST 3, 1967 AND SUPPLEMENTARY AGREEMENTS OF DECEMBER 26, 1967: MAY 16, 1968: JULY 3, 1969: DECEMBER 3, 1969: AND JANUARY 10, 1970, INCORPORATE A LOCAL CURRENCY ANNEX WHICH PROVIDES THAT AID WILL NOTIFY THE STATE BANK OF PAKISTAN OF EACH PROPOSED LOAN WITH THE IDENTITY OF THE APPLICANT, THE NATURE OF PROPOSED BUSINESS, AND THE AMOUNT AND GENERAL PURPOSES FOR WHICH LOAN PROCEEDS WOULD BE EXPENDED. WE BELIEVE THAT THIS LOCAL CURRENCY ANNEX IS STILL IN FORCE AND THAT OPIC, AS THE SUCCESSOR AGENCY OF AID FOR THE PURPOSES OF COOLEY LOANS, SHOULD SEND A LETTER TO THE STATE BANK OF PAKISTAN WITH A COPY TO SIRAJ YUSUF KHAN, JOINT SECRETARY, MIN OF FIN. WE SUGGEST OPIC SEND LETTER FOR CENTRAL BANK TO AMCONGEN KARACHI FOR DELIVERY AS CENTRAL BANK IS LOCATED IN KARACHI, AND COPY TO EMBASSY FOR DELIVERY TO FINMIN. TRANSMITTAL OF LETTERS THROUGH CON GEN KARACHI AND EMBASSY SHOULD EXPEDITE APPROVAL. ALTERNATIVELY, OPIC COULD INSTRUCT ECON/COUNS TO SEND LETTER OF NOTIFICATION ON ITS BEHALF.

5. PERTINENT PORTION OF LOCAL CURRENCY ANNEX TO PL 480 AGREEMENTS MENTIONED PARA. 4 WHICH PROVIDES FOR NOTIFICATION OF CENTRAL BANK FOLLOWS: BEGIN TEXT. 5. ANY PERCENTAGE OF THE LOCAL CURRENCY INDICATED FOR SECTION 104(E) PURPOSES SHALL BE MADE AVAILABLE FOR LOANS TO BE MADE BY THE AGENCY UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ISLAMA 02376 01 OF 02 191518Z

FOR INTERNATIONAL DEVELOPMENT OF WASHINGTON (HEREINAFTER REFERRED TO AS AID) UNDER SECTION 104(E) OF THE ACT AND FOR ADMINISTRATIVE EXPENSES OF AID IN THE IMPORTING COUNTRY INCIDENT THERETO. (A) SUCH LOANS WILL BE MADE TO UNITED STATES BUSINESS FIRMS (INCLUDING COOPERATIVES) AND BRANCHES, SUBSIDIARIES, OR AFFILIATES OF SUCH FIRMS FOR BUSINESS DEVELOPMENT AND TRADE EXPANSION IN THE IMPORTING COUNTRY, INCLUDING LOANS FOR PRIVATE HOME CONSTRUCTION, AND

TO UNITED STATES FIRMS AND OTHER FIRMS DOING BUSINESS IN THE IMPORTING COUNTRY (INCLUDING COOPERATIVES) FOR THE ESTABLISHMENT OF FACILITIES FOR AIDING IN THE UTILIZATION, DISTRIBUTION, OR OTHERWISE INCREASING THE CONSUMPTION OF, AND MARKETS FOR, UNITED STATES AGRICULTURAL PRODUCTS: (B) LOANS WILL BE MUTUALLY AGREEABLE TO AID AND THE GOVERNMENT OF THE IMPORTING COUNTRY, ACTING THROUGH THE STATE BANK OF PAKISTAN (HEREINAFTER REFERRED TO AS THE STATE BANK). THE GOVERNOR OF THE STATE BANK, OR HIS DESIGNEE, WILL ACT FOR THE GOVERNMENT OF THE IMPORTING COUNTRY, AND THE ADMINISTRATOR OF AID, OR HIS DESIGNEE, WILL ACT FOR AID. (C) UPON RECEIPT OF AN APPLICATION THAT AID IS PREPARED TO CONSIDER, AID WILL INFORM THE STATE BANK OF THE IDENTITY OF THE APPLICANT, THE NATURE OF THE PROPOSED BUSINESS, THE AMOUNT OF THE PROPOSED LOAN, AND THE GENERAL PURPOSES FOR WHICH THE LOAN PROCEEDS WOULD BE EXPENDED. (D) WHEN AID IS PREPARED TO ACT FAVORABLY UPON AN APPLICATION, IT WILL SO NOTIFY THE STATE BANK AND WILL INDICATE THE INTEREST RATE AND THE REPAYMENT PERIOD WHICH WOULD BE USED UNDER THE PROPOSED LOAN. THE REPAYMENT PERIOD WILL BE CONSISTENT WITH THE PURPOSES OF THE FINANCING AND THE INTEREST RATE WILL BE SIMILAR TO THAT PREVAILING IN THE IMPORTING COUNTRY ON COMPARABLE LOANS, BUT THE GOVERNMENT OF THE EXPORTING COUNTRY MAY ESTABLISH A RATE NO LESS THAN THE RATE IT CONSIDERS TO BE THE COST OF FUNDS TO THE UNITED STATES TREASURY, TAKING INTO CONSIDERATION THE CURRENT AVERAGE MARKET YIELDS ON OUTSTANDING MARKETABLE OBLIGATIONS OF THE GOVERNMENT OF THE EXPORTING COUNTRY

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PAGE 01 ISLAMA 02376 02 OF 02 191549Z

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INFO OCT-01 NEA-09 ISO-00 EB-07 TRSE-00 OMB-01 AID-05

ABF-01 FSE-00 L-02 AGR-10 COME-00 IGA-01 CIEP-02 PA-02

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/075 W

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P R 191140Z MAR 75

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TO SECSTATE WASHDC PRIORITY 9246
INFO AMCONSUL KARACHI
AMCONSUL LAHORE

UNCLAS FINAL SECTION OF 2 ISLAMABAD 2376

HAVING A MATURITY COMPARABLE TO THE MATURITY OF THE LOAN.
(E) WITHIN SIXTY DAYS AFTER THE RECEIPT OF THE NOTICE THAT
AID IS PREPARED TO ACT FAVORABLY UPON AN APPLICATION, THE
STATE BANK WILL INDICATE TO AID WHETHER OR NOT THE STATE
BANK HAS ANY OBJECTION TO THE PROPOSED LOAN. UNLESS
WITHIN THE SIXTY-DAY PERIOD AID HAS RECEIVED SUCH A
COMMUNICATION FROM THE STATE BANK, IT SHALL BE UNDERSTOOD
THAT THE STATE BANK HAS NO OBJECTION TO THE PROPOSED LOAN.
WHEN AID APPROVES OR DECLINES THE PROPOSED LOAN IT WILL
NOTIFY THE STATE BANK. END TEXT.

6. REQUIREMENT FOR NOTIFICATION TO CENTRAL BANK WILL
PRECLUDE SIGNING OF OPIC AGREEMENT UNTIL FORMALITIES
SUMMARIZED ABOVE HAVE BEEN COMPLETED. HOWEVER, WE BELIEVE,
BASED ON DISCUSSIONS, THAT NO UNREASONABLE DELAYS
WILL BE ENCOUNTERED IN COMPLETING FORMALITIES.
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Message Attributes

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Draft Date: 19 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
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Margaret P. Grafeld
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05 JUL 2006

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TAGS: EFIN, EINV, PK, OPIC, RAFHAN MAIZE PRODUCTS CO
To: STATE
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Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006